



OFFICE OF PUBLIC INSTRUCTION

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Linda McCulloch
Superintendent

September 10, 2003

TO: School Business Officials

FROM: Joan Anderson, Division Administrator
School Finance Division

RE: **Accepting Donations that Will Be Tax Deductible to the Donor -- 501(c)(3)
Status Not Required**

The Internal Revenue Service (IRS) recently sent OPI written confirmation that public school districts in Montana are qualified to accept donations for which a donor plans to claim a tax deduction. The district does not need to file an application or be approved for 501(c)(3) status. ***This is a change from what we had been told in the past, so we are writing to notify you of the change.*** The message we received by e-mail appears below:

"From: TaxHelp@hal1.ausc.irs.gov
Sent: Friday, May 16, 2003 2:52 PM
To: janderson@state.mt.us
Subject: IRS Email Tax Law Assistance
...

Your Question Was:

RE: Public School Districts Acceptance of Donations and Contributions

....Publication 526 states, Organizations That Qualify To Receive Deductible Contributions You can deduct your contributions only if you make them to a qualified organization. To become a qualified organization, most organizations other than churches and governments, as described below, must apply to the IRS. In Montana, public school districts are legally classified as local governments. Would public K-12 school districts normally be automatically qualified or are public K-12 schools normally required to file for 501(or other similar) status before they are considered qualified? We have read so much written material but seem to never find a clear answer to the question. MTs school districts are state funded, and any donations to the districts are used exclusively for public education purposes or scholarships. Thanks. Joan Anderson, School Finance Director, Montana Office of Public Instruction

The Answer To Your Question Is:

Thank you for your E-mail inquiry, and we regret the difficulty you have experienced in finding a clear response to the issue of whether a Montana School District is considered a qualifying organization for the deductibility of contributions. A state school district is a qualifying 50% organization as it falls under the criteria listed in Number 2 under "50% Limit Organizations" discussed on page 9 of Publication 526, 'Charitable Contributions'. Based on the facts presented, it is assumed the school district is an educational organization established by the state made up of and overseeing educational institutions (public schools) having a regularly enrolled student body. As such, the school district is not required to apply for 501(c) status, and is considered by definition to be a qualifying organization. We hope this response is helpful, and is based on Publication 526.

EMPLOYEE ID: 04-01108 Mr. Bisceglia Tel.:(800) 829-1040 msg#: 1428964"

Please keep this letter on file. OPI suggests you provide a copy of this letter and your district tax EIN# if an individual donor or grantor asks for proof of your district's tax exemption or 501(c)(3) authorization. If you need additional information, please contact OPI at (406) 444-4401.

Cc: County Superintendents School District Auditors OPI Legal Counsel

"It is our mission to advocate, communicate, educate and be accountable to those we serve."